

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

PERIODIC REPORTING
(PROPOSAL ONE)

Docket No. RM2016-7

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-6 OF CHAIRMAN'S INFORMATION REQUEST NO. 1**
(April 25, 2016)

The United States Postal Service hereby provides its responses to Questions 1-6 of Chairman's Information Request No. 1, issued April 14, 2016. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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April 25, 2016

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1**

1. Please clarify when the changes in Proposal One would take effect if approved.

RESPONSE:

If approved, the Postal Service proposes to implement the changes for FY2016 end-of-year reporting.

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2. Please refer to the Petition at 5-6, which discusses the model-based regression estimator for each expansion stratum. Please provide the expected number of observations for the regression estimator of an average letter post expansion stratum, and for the regression estimator of an average parcel post expansion stratum.

RESPONSE:

The expected number of observations (receptacles) of an average letter post expansion stratum is 10.9. The expected number of observations (receptacles) of an average parcel post expansion stratum is 9.2.

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3. Please refer to the Petition at 6, which states: "For example, if no air bags from Miami to Country 'X' were sampled in Miami during the reporting period, the program looks to find samples of air bags from Miami to Country 'X' in an adjacent period and, if not finding any, adjusts to find air bags from all other exchange offices to Country 'X' sent during that time period."
- a. Please confirm that the time period referred to as "that time period" in the quoted material is the reporting time period.
 - b. If not confirmed, please explain why an adjacent (earlier) time period would be used before the reporting time period when the search criteria has been widened to all exchange offices to Country "X."

RESPONSE:

- a. Confirmed that "that time period" is the reporting time period.
- b. Not applicable.

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4. Please refer to the Petition, Attachment A at 4, which states: "Approximately 9,994 SIRVO-IODIS tests were scheduled in FY 2015 among the exchange offices processing outbound international mail." Please clarify what proportion of outbound international mail was sampled by these tests.

RESPONSE:

The proportion of outbound international mail (pieces) sampled by SIRVO tests is 0.5 percent.

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5. Please refer to the Petition, Attachment A at 6, which states that "...regression coefficients are estimated by the weighted least squares method." Please describe the weights expected to be used in the regression for expansion strata.

RESPONSE:

The weights expected to be used in the regression of the parcel post expansion strata are the receptacle weights recorded in SIRVO tests.

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6. Please refer to the Petition, Attachment B, which shows the changes in revenue, pieces, and weight (RPW) for FY 2015 if Proposal One were implemented. Please explain why the RPW estimates for various domestic products change as a result of Proposal One.

RESPONSE:

The domestic products affected are those associated with the ODIS-RPW statistical sampling system single-piece product estimates used in the RPW report. Estimated revenue for these single-piece products is scaled to the residual Trial Balance revenue such that the sum of the adjusted revenue plus 'census' source revenues equal the total Postal Service Trial Balance revenue. The process by which ODIS-RPW single-piece estimates are scaled to the residual trial balance amount is called the Book Revenue Adjustment Factor (BRAAF) process. Most recently, this process was discussed in Proposal One, Docket No. RM2015-9, filed on June 12, 2015 (see the Background: RPW reporting section on pages 1-3). The BRAAF process would cause the changes in International Mail estimates emanating from this Proposal to flow through to the relatively small changes in domestic products reflected in Attachment B.